

Guy A. Lewis, United States Attorney for the Southern District of Florida, Hector M. Pesquera, Special Agent in Charge, Federal Bureau of Investigation, Miami Field Division, and Jose Marrero, Chief, Criminal Investigation Division, Internal Revenue Service, Southeast Region, Plantation announced today that the Court of Appeals for the Eleventh Circuit has affirmed the conviction and sentence of Frederick C. Brandau. A jury had returned guilty verdicts after a month and a half-long trial in West Palm Beach in connection with an international investment fraud involving more than \$117 million in *United States v. Frederick C. Brandau, et al.*, Case Number 99-8125-Cr-Hurley(s)(s). Brandau was sentenced to a term of 55 years incarceration, restitution in the amount of \$117 million and the forfeiture of property.

On August 13, 1999, a federal grand jury sitting in West Palm Beach, Florida, originally returned a 73 count indictment against FREDERICK C. BRANDAU, FINANCIAL FEDERATED TITLE & TRUST, INC., and ASSET SECURITY CORPORATION. In Case Number 99-8125-Cr-Hurley, BRANDAU was charged with conspiracy to commit mail fraud and wire fraud, BRANDAU was charged with 14 counts of mail fraud, conspiracy to commit money laundering, and 29 counts of money laundering.

The jury convicted FREDERICK C. BRANDAU of 43 of the 44 counts he faced, including conspiracy to commit mail and wire fraud, 14 counts of mail fraud, conspiracy to commit money laundering and 28 counts of money laundering.

The lengthy, and detailed indictment in Case Number 99-8125-Cr-Hurley(s)(s), alleges that the defendants engaged in a long-running scheme to defraud using the mails and interstate carriers. The indictment alleges that between at least February, 1996 continuing through August, 1999, the defendants conspired to recruit insurance agents to solicit individual investors under false and fraudulent pretenses. The government established at trial that at least \$117 million in investor monies were forwarded to FINANCIAL FEDERATED for the purpose of purchasing viaticated insurance policies. Viatical settlements are the purchase of life insurance policies or their benefits at a discounted rate from a terminally ill person. The beneficial interest in the insurance policies purchased is sold or re-assigned to an investor. A viatical investor is supposed to receive the full benefits when the terminally ill person dies.

The government also proved that investors were told their investment funds would be used to purchase a beneficial interest in viaticated insurance policies, and that medical overviews were being performed on the insured persons whose policies were being bought. Although at least \$117 million in investor monies were received by FINANCIAL FEDERATED, the company and the defendants used only about \$6.5 million of these funds to buy insurance policies whose total value was just over \$8 million. The government had alleged that no real medical reviews were ever performed by the defendants.

The government proved that BRANDAU knowingly used investor monies for purposes totally unrelated to the purchase of viaticated insurance policies, such as the purchase of numerous houses in Florida, Vermont, South Carolina, Massachusetts, Georgia, and Toronto, Canada. The indictment also alleges that more than \$29 million in investor funds were transferred to ASSET SECURITY CORPORATION and none of those monies were used to buy insurance policies. At least \$3.5 million in investor funds were used to buy helicopters and luxury automobiles.

Mr. Lewis recognized the superb efforts of many different agents for their dedication to the case: Special Agents Gary Van Eerde, Anthony Yanketis, Gary Hellmer, Jr., and Stephen Lucchesi, Federal Bureau of Investigation, Special Agents Klaus Hurme and Suzanne Kalwara, Criminal Investigation Division, Internal Revenue Service. The case has been prosecuted by Assistant United States Attorneys Ellen Cohen and Steve Carlton in West Palm Beach, Florida. The forfeiture portion of the case was handled by Assistant United States Attorney Antonio Barnes. The appeal was prosecuted by Assistant United States Attorney Jeanne Mullenhoff.